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Sugar, Jobs and Trade

You're going to hear a lot in the coming weeks about a trade pact the Bush administration has negotiated with the Dominican Republic and five Central American nations--Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. Much of what you hear will be negative, misleading and flat out wrong.

Here are the facts. The six nations involved in the Central America Free Trade Agreement already have open access to U.S. markets for many goods. This pact would give American companies and producers open access to the markets of these six nations. Now those markets are protected by high tariffs. Those tariffs make American products more expensive. Removing those barriers would spur U.S. exports and help create jobs here. Farm exports alone could grow by $1.5 billion. That's good for U.S. companies and U.S. workers. There's more. Apparel produced in these six nations will have free access to the U.S. market only if it is made with U.S. fabric and yarn. That's good for U.S. companies and U.S. workers.

But the treaty is under fierce attack on Capitol Hill. Many Democrats, and even some Republicans, who voted to free up trade between the U.S., Mexico and Canada are wavering on this one. That raises a critical question: Why would a trade treaty that opens up foreign markets to U.S. goods be such a hard sell?

Support in the U.S. for lowering trade barriers has eroded in recent years. Americans have benefited from the expansion of international trade. Consumers have more choices and pay lower prices. Businesses that export have many more markets in which to compete. But those benefits flow broadly throughout the economy over time and are often difficult to pinpoint. The costs of trade are borne by specific industries and workers--textiles, steel, etc.

The growing dominance of China as a manufacturer, the soaring trade deficit and the fitful nature of U.S. job growth in the last several years have contributed to Americans' anxiety and unease about globalization. These are unsettling times, but refusing to engage other nations will do nothing to make them more settled.

That's the general backdrop. This treaty also slams up against some very powerful domestic interests: the sugar lobby and organized labor.

First, sugar. Americans pay more than twice the world price for sugar because U.S. growers of sugar cane and beets since 1981 have been protected from foreign competition. The government guarantees a minimum price for U.S. sugar by restricting imports and buying up excess domestic sugar. That's a prime reason why Chicago is no longer the center of the candy industry. The sugar lobby is a powerful political force that contributes freely to both parties and it is terrified by this agreement.

The agreement would start to crack open the U.S. market to foreign sugar, but it would only allow the equivalent of a spoonful and a half per American per week. That's of little comfort to the sugar industry; it fears a precedent that would lead to the ultimate end of protectionism and bring down the domestic price of sugar.

Next, organized labor. Unions and their Democratic supporters have resisted numerous trade treaties on the grounds that foreign workers make less money and are treated badly by their bosses. Their concern is not for foreign workers, but for the competition those workers pose to organized labor in this country.

To combat those concerns, the Bush administration has strengthened language in the agreement related to worker rights. The treaty would require that the six countries enforce their own labor laws. Negotiators also vow to tackle the issue of child labor.

As this trade debate heats up on Capitol Hill, keep this in mind. Voting against this treaty is a vote for continued U.S. protection for Big Sugar. It's a vote that says the U.S. shouldn't pressure these trade partners to treat their workers better. It's a vote in favor of keeping high tariffs on U.S. exports to these nations. It is a vote against this nation's broad economic interests.